

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
MINUTES OF BOARD OF DIRECTORS' MEETING**

July 27, 2010

THE STATE OF TEXAS           §  
  §  
COUNTY OF TRAVIS           §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on July 27, 2010, at the Wells Branch Community Center, 2106 Klattenhoff Drive, Austin, Texas. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the notice is attached as **Exhibit "A"**.

The roll was called of the members of the Board:

Robin Campbell	-	President
Brenda Richter	-	Vice President
William E. Henderson	-	Treasurer
Scott M. Gray	-	Assistant Secretary
Alex Martinez	-	Secretary

and all of the Directors were present, except Director Martinez and Director Richter, thus constituting a quorum. Also present at the meeting were Mona Oliver of Wells Branch Municipal Utility District; Andrew Hunt of SWWC Services, Inc. ("***SWWC***"); Mary Bott of Bott & Douthitt, PLLC; Robert Anderson and Steve Held of Crossroads Utility Services, LLC; Richard Fadal of TexaScapes, Inc.; Walter Hoysa of Longaro & Clarke, representing KB Homes; Scott Foster of Kimley-Horn & Associates, Inc.; Scout Master Cross and representatives of Boy Scout Troop No. 685; Deputy Keith Kinnard of the Travis County Sheriff's Department; Ronnie Stafford of TBG Partners; Crystal Kaylakie and Mark Nicholson of Southwest Securities; Jana Hansen Edwards of McCall Parkhurst & Horton, LLP; Mr. Rivaldo, a resident of the District and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

Director Campbell called the meeting to order at 5:45 p.m. and stated that the Board would first consider approving the minutes of the July 6, 2010 Board meeting. Upon motion by Director Gray and second by Director Henderson, the Board voted unanimously to approve the minutes.

Director Campbell then stated that the Board would receive residents' communications and Board member announcements and recognized representatives of Boy Scout Troop No. 685. He welcomed them to the meeting and stated that he wanted to express the Board's appreciation for their assistance with the District's Clean-up Day. Scout Master Cross stated that the Troop appreciated the opportunity to work with the Board and in the community. He stated that they also appreciated the District's financial support of the Troop in return for their service and that they would be interested in doing other projects for the District. Scout Master Cross explained that all of the Troop's Eagle Scout projects had been done in the local area, noting that they were sponsored by the Lutheran Church in Pflugerville. Ms. Oliver stated that the

Wildflower address project could be a potential Eagle Scout project. Mr. Anderson commended the Scouts' performance in connection with all of the District's Clean-up Days. Director Campbell noted that, as consideration for the Scouts' work, the District had agreed to contribute the sum of \$1,600 to the Troop, which was represented by Check No. 3833 on the cash activity report attached as **Exhibit "B"**. Upon motion by Director Henderson and second by Director Gray, the Board voted unanimously to approve this payment for the Scouts' services.

Director Campbell stated that the Board would next receive a report from Deputy Kinnard regarding District security. Deputy Kinnard stated that there had been a good response to the increased patrols during the past month, and noted that there were more residents in the parks recently. He stated that there were still minor problems with graffiti in the community, and that there was also still some movement of the gangs, although they were not as concentrated in the parks as they were previously. Deputy Kinnard stated that the deputies who were patrolling the District were doing an excellent job. He inquired whether there had been any difficulties with meter tampering recently and Mr. Anderson responded that there had not been any new problems.

Deputy Kinnard then asked for a contact person at the Parkside duplexes. Ms. Littlefield agreed to provide the name of a contact person to him. Deputy Kinnard explained that there were problems with abandoned vehicles and people working on their cars in the street at this complex. He suggested that the District continue with the same patrol level, as it had been effective, and added that school would be back in session in August and patrol requirements could be re-evaluated at the next Board meeting. The Board agreed. Director Campbell noted that he had placed some information about identifying gangs that had been provided by Deputy Kinnard's office on the District's website and added that he felt the information could be helpful to parents. Mr. Rivaldo inquired about the locking of the dog run. Deputy Kinnard responded that it was being locked in the evening for crime suppression. He stated that the Wells Branch staff was locking the gates around 4:30 p.m. and unlocking them in the morning. He added that, once use of the park increased, the parking lot would be left unlocked. Director Campbell stated that the gates would be unlocked once the pavilion was constructed. Director Henderson then moved approval of the checks to the deputies for patrol services as set forth on the cash activity report attached as **Exhibit "B"**. Upon second by Director Gray, the motion was unanimously adopted.

Director Campbell then recognized Mr. Hunt for purposes of receiving a report from the District's general manager. Mr. Hunt stated that his company had received notice of the District's termination of its contract and that he would be assisting with the transition to the District's new management company. He advised the Board that the District had a 6% water loss for the prior month and a 2% loss overall for the year, noting that most of this was due to the timing of meter reads. He then called the Board's attention to the billing reports, and distributed the updated write-off list attached as **Exhibit "C"**. He noted that the customers on two of the past-due accounts which had appeared on the prior list had moved within the District and so the past-due amounts had been transferred to the new accounts and would not be written off. Upon motion by Director Gray and second by Director Henderson, the Board voted unanimously to approve the write-offs on the updated list. Director Campbell stated that he would appreciate SWWC's assistance in making the transition in management companies as

smooth as possible. Mr. Hunt stated that the 30-day notice period would expire on August 19<sup>th</sup>, which would work well since it would allow another billing cycle to pass and the next bills could include a change of address and update of the District's payment information. Director Campbell stated that he would like his change to be transparent to the residents.

Director Campbell then recognized Ms. Kaylakie for purposes of receiving a report regarding the proposed unlimited tax and revenue refunding bonds. Ms. Kaylakie introduced Mr. Nicholson, who reviewed the financial analysis information attached as **Exhibit "D"** and explained that the proposed refunding would allow the District to realize a net present value savings of approximately \$131,776. Ms. Kaylakie explained that a refunding was a negotiated issue, rather than a competitive bid situation. Mr. Nicholson added that this was because refundings were more interest rate sensitive. Ms. Kaylakie recommended that the Board appoint a subcommittee which would be empowered to approve the Preliminary Official Statement. Ms. Edwards then presented a draft Order Authorizing the Issuance of Northtown Municipal Utility District Unlimited Tax and Revenue Refunding Bonds; Authorizing the Levy of an Ad Valorem Tax in Support of the Bonds; Entering into a Paying Agent/Registrar Agreement, a Bond Purchase Agreement and an Escrow Agreement; Approving an Official Statement; Establishing the Procedures for Selling and Delivery of the Bonds; and Other Matters Related to the Issuance of the Bonds, noting that this Order delegated authority for the refunding to a pricing officer who would then be empowered to price and move forward with the refunding when the financial advisor recommended doing so. She stated that the City of Austin required a 4.25% savings threshold, and noted that this was included in the Order. She also stated that the Order would be valid for six months, which was the time authorized by the Attorney General's office. The Board agreed that it would like the Bond Subcommittee, consisting of Directors Campbell and Gray, to have the authority to move forward with the refunding on behalf of the District. Director Campbell stated that he would like the financial advisor to seek the City's approval for the refunding, but would like the balance of the Board to be involved in actually authorizing the transaction, since only three Board members were present at this meeting. After discussion, the Board agreed that the refunding should be placed back on the agenda for consideration at the next meeting. Director Gray then moved that the Board authorize the financial advisor to proceed with the City approval process. Upon second by Director Henderson, the motion was unanimously adopted.

Director Campbell then recognized Ms. Oliver for purposes of receiving a report under the Interlocal Agreement with Wells Branch Municipal Utility District. Ms. Oliver stated that the house on Golden Flax which had been raised as a yard maintenance issue was vacant, and potentially in foreclosure. She stated that the District signs with the wrong information on them had been removed, as the Board had requested. She called the Board's attention to a report on covenant violations at 123 Star Flower, noting that some amount of debris remained and that the next step would be to initiate litigation. The Board discussed the fact that the bulk of the material that had been in public view had been removed. After discussion, the Board directed Ms. Littlefield to send the residents a letter, in Spanish and English, thanking them for removing the bulk of the materials and giving them an opportunity to remove the final items before the next Board meeting in order to avoid a lawsuit.

Ms. Oliver then advised the Board that she had tried to contact the property manager for Brookside about some covenant problems in that area and to get a contact person for the Parkside duplexes, but there was a new employee assigned to these projects who had not yet returned her call. Director Campbell expressed the Board's appreciation to the Wells Branch maintenance crews for locking the gate to the parking lot at the park.

Director Campbell then recognized Mr. Fadal for purposes of receiving a report from the landscape maintenance contractor. Mr. Fadal stated that the rains were keeping the landscaping healthy and green, but also keeping his crews very busy. He stated that they were working on controlling poison ivy, and felt that the overall amount of poison ivy had been reduced by about 80%. Mr. Fadal then presented Proposal No. 7766, attached as **Exhibit "E"**, for dead standing tree removal. He explained that the Park Subcommittee and his staff had identified several trees needing removal. Mr. Rivaldo asked if they also patrolled for dead branches. Mr. Fadal stated that they had not been patrolling for dead tree limbs unless the limbs were in a precarious area over a picnic table or path. Director Henderson moved approval of the proposal as presented. Upon second by Director Gray, the Board voted unanimously to approve the proposal.

Director Campbell then recognized Mr. Foster for purposes of receiving a report from the District's engineer. Mr. Foster confirmed that the new park contractor would dismantle the playscape so the church could remove and re-assemble it. He added that he was working on a letter to the Phase II park contractor regarding revegetation, but that it had gotten much better since the last meeting. He stated that the contractor had agreed to an August 15<sup>th</sup> deadline to complete revegetation. Mr. Foster then noted that the Lakes at Northtown pond punch list had been addressed, with the exception of some minor revegetation issues. Ms. Littlefield explained that it had originally been contemplated that the District would accept this pond for operation and maintenance, but that, in the course of her review of the plat notes and covenants, it appeared that there was an impediment to District maintenance. She noted that the pond was on a much larger lot and the plat stated that the lot was to be maintained by the owner. She reminded the Board that a similar, but not identical, plat note had been included on the Brookfield and Lakes at Tech Ridge plats, which had resulted in those ponds having to be maintained by the owners' associations. She stated that she would review the documentation in more detail and contact the owner prior to the next Board meeting.

Mr. Foster then stated that he had met with Travis County and the Village @ Northtown's representatives regarding maintenance of the ponds included in the Heatherwilde/Wells Branch Parkway improvements and had clarified who was responsible for maintenance of the ponds. He added that the County had indicated that it was interested in working with the District on MS-4 permitting and that he would be working with the County's representative on this. Mr. Foster then advised the Board that he, Director Richter and Director Campbell had agreed on a format to present the wet pond maintenance plan to the Board and expected to present that information to the full Board at its next meeting. He advised the Board that the Wildflower fence contractor had requested approval of a change order in the amount of \$1,125 in order to cover the cost of the required performance bond. Ms. Littlefield stated that this bond was required by law and by the contract for the fence project which she had prepared, but apparently had not been specified in the bid package which had been prepared

previously by Don Williams. She and Mr. Foster recommended approval of the change order. Upon motion by Director Gray and second by Director Henderson, the Board voted to approved Change Order No. 1, attached as **Exhibit “F”**. Mr. Foster then stated that he, Director Gray and Director Campbell would be meeting to finalize the 2010 bond application and the projects to be included for funding.

Mr. Foster then stated that his company was proceeding with the wastewater master plan, and that he was working with Ms. Littlefield on finalizing the interlocal agreement for the additional point of connections with the City of Austin. He added that he was also working on a plan for managing flows at the point of connection due to the substantial penalties that would be incurred if the flow limits under the interlocal agreement were exceeded. He stated that his office was meeting with City of Austin staff the following week to discuss the flow metering concept. He stated that he would also like to meet with the subcommittee, consisting of Directors Martinez and Campbell, to discuss force main alternatives during the next month.

Mr. Foster then reported that the City of Austin had reimbursed the District for the fiscal posting for the park revegetation, but sent the check to the wrong address. He stated that this would hopefully be resolved in the next month.

Mr. Foster then noted that Mr. Stafford was present to address the Board on the park pavilion. Mr. Stafford presented the recommendation of award attached as **Exhibit “G”**, noting that he had met with the low bidder to review the bid in detail and that the bidder had assured him that it could construct the project as bid, with 120 days allowed for completion. He noted that there were liquidated damages in the contract. He stated that, with Board approval, his company could get the contract assembled and signed within the next two or three weeks and, after that, would hold a preconstruction meeting and give notice to proceed. Upon motion by Director Henderson and second by Director Gray, the Board voted unanimously to approve the award of the contract to the low bidder, G. Creek Construction, as recommended.

Director Campbell stated that the Signage Subcommittee had gotten a detailed estimate of cost from the designer for the signage. He stated that the next step would be for the Signage Subcommittee to meet with the Parks Subcommittee to identify signage locations. He stated that he would like to locate a District sign on Olympic Drive, if the District could obtain an easement. Ms. Littlefield agreed to forward the Subcommittee members a plat so they could look at potential locations and identify which lots would be preferred. Director Campbell stated that the Subcommittee now had a better idea of the costs and needed to determine the number of signs needed and their locations.

Director Campbell then recognized Ms. Bott for purposes of receiving the bookkeeper’s report. Ms. Bott noted that Check No. 3827 would need to be voided due to Director Martinez’s absence. She then reviewed the bills and invoices which were being presented for approval. Director Campbell inquired about Check No. 3841, which was indicated to be a “late rendition fee”. Ms. Bott explained that this was to recoup the apparent overpayment of interest by the County. Ms. Bott also reviewed the payments being made out of the District’s park account. She then reviewed the transfers attached as **Exhibit “H”**, and requested approval of the transfers and the bond payments coming due September 1<sup>st</sup>. Upon motion by Director Henderson and second by Director

Gray, the Board voted unanimously to approve the payments, as presented, excluding Check No. 3827 to Director Martinez and the payments to the Scout Troop and Sheriff's deputies previously approved; to approve the transfers and to approve the bond payments.

Ms. Bott advised the Board that the District currently had a positive variance to budget, largely due to deferral of several capital expenditures. She advised the Board that KB Homes had been re-invoiced to pay their past-due balance and bring their escrow to positive. Ms. Bott agreed to schedule a budget work session with the Finance Committee and Ms. Allen prior to the next Board meeting.

Mr. Anderson then recommended appointing a subcommittee to oversee the transition of management services to assure a smooth transition. Director Henderson and Director Gray agreed to serve as the Transition Subcommittee, and Ms. Littlefield agreed to assist as needed. Director Campbell welcomed Mr. Held to the meeting.

There being no further business to come before the Board, the meeting was adjourned.

Date: \_\_\_\_\_.

(SEAL)

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Scott Gray, Assistant Secretary  
Board of Directors